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FM-06 - 24 July 2013



Forest Management **2017 Annual audit** Report for:

**Hancock Victorian
Plantations Pty Ltd**
In
Victoria, Australia

Report Finalized: February 11, 2017
Audit Dates: 12 - 15/12/2016
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Certificate code: RA-FM/COC-001128
Certificate issued: 1 February 2014
Certificate expiration: 31 January 2019

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Standard Conversions

1 mbf = 5.1 m³
1 cord = 2.55 m³
1 gallon (US) = 3.78541 liters

1 inch = 2.54 cm
1 foot = 0.3048 m
1 yard = 0.9144 m
1 mile = 1.60934 km
1 acre = 0.404687 hectares

1 pound = 0.4536 kg
1 US ton = 907.185 kg
1 UK ton = 1016.047 kg

1. INTRODUCTION

The purpose of this report is to document annual audit conformance of Hancock Victorian Plantations Pty Ltd (HVP), hereafter referred to as Forest Management Enterprise (FME). The report presents the findings of Rainforest Alliance auditors who have evaluated company systems and performance against the Forest Stewardship Council™ (FSC®) forest management standards and policies. Section 2 of this report provides the audit conclusions and any necessary follow-up actions by the company through nonconformity reports.

The Rainforest Alliance founded its previous SmartWood program in 1989 to certify responsible forestry practices and has grown to provide a variety of auditing services. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for audit design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

This report includes information which will become public information. Sections 1-3 and Appendix I will be posted on the FSC website according to FSC requirements. All other appendices will remain confidential. A copy of the public summary of this report can be obtained on the FSC website at <http://info.fsc.org/>.

Dispute resolution: If Rainforest Alliance clients encounter organizations or individuals having concerns or comments about Rainforest Alliance and our services, these parties are strongly encouraged to contact Rainforest Alliance regional or Headquarters offices directly (see contact information on report cover). Formal complaints or concerns should be sent in writing.

2. AUDIT FINDINGS AND RESULTS

2.1. Audit conclusion

Based on Company's conformance with FSC and Rainforest Alliance requirements, the audit team makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification requirements <u>met</u>, certificate maintenance recommended Upon acceptance of NCR(s) issued below
<input type="checkbox"/>	Certification requirements <u>not met</u>:

2.2. Changes in FMEs' forest management and associated effects on conformance to standard requirements:

There had been no change/s since the last audit that has any effect on the FME's forest management system's conformance to the standard, covering the silvicultural and harvesting operations and environmental management. However, during the opening meeting the Chief

Operation Officer presented the following positive changes that took place in the past twelve months:

- Recent restructure changes of the management arrangements within the Western FMU to create two District Managers for Mt Gambier district and Ballarat district, to reduce travel obligations and better manage regional imperatives.
- Separation of Operations and OHS
- Recruited a General Manager Safety, Environment and Risk
- The appointment of a full time Corporate Fire Manager
- Conducting a workshop to identify and develop clear triggers for *road closure* requirements
- Development of electronic docket system for haulage
- Upgrading GIS to improve integration of operations within the estate
- Implementing electronic truck braking systems to reduce risks associated with roll-over and improve safety
- Providing environmental training to all silviculture and harvesting contractors with roading contractors planned for training in 2017
- Removed thirteen (13) underground fuel tanks and rehabilitated soils and contaminated land sites
- Conducting a review of all HVP chemical storage depots

2.3 Excision of areas from the scope of certificate

Not applicable. Check this box if the FME has not excised areas from the FMU(s) included in the certificate scope as defined by FSC-POL-20-003. *(delete the rows below if not applicable)*

2.4. Stakeholder issues *(complaints/disputes raised by stakeholders to FME or Rainforest Alliance since previous evaluation):*

Stakeholders were advised of the audit at least 60 days prior to commencement. As a result of this notification, two stakeholders submitted written submissions to the RA Task Manager. The first submission was from one of the local shires and contains a positive remark about the FME. The second submission contain complaints in relation to environmental damages.

A summary of the stakeholders' complaints and the RA audit response is presented in the following table:

Complaints/disputes raised by stakeholders to RA since previous evaluation	RA Audit Team Response
<p><u>Compliant related to environmental damage</u></p> <p><u>October 216</u> A stakeholder sent an email to the RA Task Manager on the 28th October 2016 and lodged a complaint claiming extensive environmental damages on area known as 'Vaggs Creek Road' within the FME's Gippsland FMU.</p> <p>Attached email the stakeholder presented the following</p>	<p><u>Compliant related to environmental damage</u></p> <p><u>November 2016</u> On the 21st of November the audit team contacted the stakeholder via email and asked if they were interested to have a meeting with the audit team. The stakeholder agreed to meet with the audit team</p>

website links containing the evidence related to their complaint:

<http://hancockwatch.nfshost.com/docs/16oct.htm>

<http://hancockwatch.nfshost.com/docs/16may.htm>

As can be seen the first website contains a copy of a letter the stakeholder received from the Latrobe City Shire in response to their complaint to the shire. The letter shows that the shires agrees with environmental damaged identified by the stakeholder and as a result the shire had contacted the FME and remedial action had been taken by the FME. However, some of the environmental issues raised are still to be addressed in the future. The second website contains several photos showing the nature of environmental damages.

December November 2016

On the 23rd of November the stakeholder sent the following additional websites via email to the audit team:

<http://hancockwatch.nfshost.com/docs/16dec.htm>

<https://www.youtube.com/watch?v=XjtNfFaMGEI&t=3s>

As can be seen the first website contains an update of photos. The second website is a presentation about the environmental damages.

in Melbourne on the 12th of December 2016.

December 2016

(a) On the 12th of December 2016 the audit team held a meeting with the stakeholder. The stakeholder explained that most of the environmental damages presented in their website were presented to the Latrobe City Shire, and as a result remedial action had been taken. The stakeholder also showed the audit team a copy of a letter which is a further response they have received from the Latrobe City Shire. On the letter the shire acknowledges and thanks the efforts made by the stakeholder about the environmental damages caused by HVP and a result remedial actions have been on some of the damages. The letter also outlines future remedial actions to be taken on the remaining damages. The stakeholder did not give a copy the letter to the audit team as an exhibit as they said they have to publish it on their website in the future.

(b) Following the meeting with the stakeholder the audit team held a meeting with the organization's management representative and asked for his response on the issues presented by the stakeholder. The audit team also requested to visit all the website links supplied by the stakeholder. The management representative explained that HVP is well aware of the contents of the websites and have already been working with the Latrobe City Shire to address the issues.

However, to be able supply a complete response about all the damages presented on the websites the management representative suggested to organize a skype meeting with the HVP's Gippsland FMU management team.

- (c) On the afternoon the audit team in the presence of the management representative held a skype meeting with the regional executive team of the Gippsland FMU. During this meeting all the environmental damages as presented on each photo by the stakeholders were reviewed. The HVP management accepted responsibility all the damages presented were true and they explained that remedial actions have already been taken on some of them and they are working to fix the rest.

Conclusion

Based on the above findings the audit team made the following conclusion:

1. The HVP management admits the environmental damages caused by its forestry operation activities. However, the remedial work done to mitigate impacts of erosion did not happen until the local shire (Latrobe City Shire) was involved in response to complaints they received from concerned community groups. As a result a Minor NCR was raised against Indicator 6.5.6 of the Standard.

	<p>2. As presented on one of the photos by the stakeholder, the HVP management team have admitted that sediment has entered the Vaggs Creek waterway in the Gippsland FMU as a result of its forestry operation activities. As a result Minor NCR is raised against Indicators 10.6.3 and 10.6.4 of the Standard.</p>
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2.5. Conformance with applicable nonconformity reports

The section below describes the activities of the certificate holder to address each applicable non-conformity report (NCR) issued during previous evaluations. For each NCR a finding is presented along with a description of its current status using the following categories. Failure to meet NCRs will result in nonconformances being upgraded from minor to major status with conformance required within 3 months with risk of suspension or termination of the Rainforest Alliance certificate if Major NCRs are not met. The following classification is used to indicate the status of the NCR:

Status Categories	Explanation
Closed	Operation has successfully met the NCR.
Open	Operation has either <u>not met</u> or has <u>partially met</u> the NCR.

Check if N/A (there are no open NCRs to review)

NCR#:	01/16	NC Classification:	Major	Minor X
Standard & Requirement:	Rainforest Alliance Interim Standard for Assessing Forest Management (FM-32 – Australia) (2008): Indicator 4.2.4			
Report Section:	Appendix IV			
Description of Nonconformance and Related Evidence:				
<p><i>4.2.4 Workers (staff and contractors) shall be provided with safety equipment in good working order, appropriate to the tasks of workers and the equipment used (e.g. local norms are important, ideally the following: hard hats, hearing protection, high visibility vests, steel toe boots and chainsaw proof chaps).</i></p> <p>While interviewing contractors at the field in the Gippsland Region, the audit team found that out of the 9 contractors only 2 had first aid kits with complete and up-to-date inventory lists. The remaining 7 contractors had inconsistencies with their first aid kit inventory lists.</p>				
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.</p>			
Timeline for	By the next annual audit			

Conformance:	
Evidence Provided by Organization:	Organization presented a copy an email circular to all employees and contractors and a copy of its Emergency Response Form.
Findings for Evaluation of Evidence:	<p>The auditor reviewed the email circular sent out to all employees and contractors and the Emergency Response Form. In both the Organization address the issue raised in the NCR as follows:</p> <ol style="list-style-type: none"> 1. (a) On an email circular sent to all employees and contractors on the 8th of December 2016 the management representative reminds them of the issue of first aid kits and inventory lists, ensure the inventory and update is completed. 2. The Emergency Response shows that first aid kits was made the November 2016 theme for Field Safety and Environment Walks to check on compliance. <p>The audit team concludes that organization have implemented appropriate corrective action.</p>
NCR Status:	CLOSED
Comments (optional):	None

NCR#:	02/16	NC Classification:	Major	Minor X
Standard & Requirement:	Rainforest Alliance Interim Standard for Assessing Forest Management (FM-32 – Australia) (2008): Indicator 6.2.5			
Report Section:	Appendix IV			
Description of Nonconformance and Related Evidence:				
<p><i>6.2.5 Effective procedures shall be implemented during forest operations to protect conservation zones, identified species and their habitats.</i></p> <p>During the site assessment of the Clarkes Rd Coupe, Marvale, Gippsland the audit team observed the Timber Harvest Plan for the site identifies three (3) RTE species and associated procedures for their protection.</p> <p>However, the Road Construction Operation Plan for the same site does not contain any information about the presence, the identification and the associated protection procedures for the three (3) RTE species.</p>				
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.</p>			
Timeline for Conformance:	By the next annual audit			
Evidence Provided by Organization:	<p>Organization presented the following:</p> <ol style="list-style-type: none"> (a) A copy of an email to all staff and (b) A copy of Environmental training conducted for all harvesting and site preparation contractors. 			
Findings for Evaluation of Evidence:	<p>The audit team reviewed the above documents and verified that organization have completed the following:</p> <ol style="list-style-type: none"> a. The email circular sent to all staff and contractors on the 			

	<p>December 2015 reminds them of the importance of supervising and monitoring RTE's</p> <p>b. The key PowerPoint training slides presented together with a copy of Environmental training conducted for all harvesting and site preparation contractors emphasizes the importance of identifying and knowing what to do in the event of a RTE species.</p> <p>However, During the site assessment the Audit Team observed the Timber Harvest Plan (for David Downs site) which identifies RTE species and associated procedures for their protection. However, the operation plan for the road construction within the same site simply refers to the information on RTE in the Timber Harvesting Plan, which was not used by or held by the roading contractor. As this is a recurrence of the same issue the audit team concludes that this NCR cannot be closed.</p>
NCR Status:	OPEN
Comments (optional):	This NCR is upgraded to MAJOR.

NCR#:	03/16	NC Classification:	Major	Minor X
Standard & Requirement:	Rainforest Alliance Interim Standard for Assessing Forest Management (FM-32 – Australia) (2008): Indicator 7.3.5			
Report Section:	Appendix IV			
Description of Nonconformance and Related Evidence:				
<p><i>7.3.5 All activities are supervised and monitored sufficiently to ensure that standards and procedures are adequately implemented. (NZ 7.3.5)</i></p> <p>During the site assessment the Audit Team noted that Protected RTE fauna and flora species were identified on the timber harvest plans (at the Nowaks cable logging) and on the site preparation plan (at Flynn Toms Cap).</p> <p>However, implementation of these plans were not supervised and monitored as the species' ID photos and associated protection procedures for these species were not supplied to the contractors working on both sites.</p>				
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.</p>			
Timeline for Conformance:	By the next annual audit			
Evidence Provided by Organization:	<p>Organization presented the following:</p> <ul style="list-style-type: none"> (c) A copy of an email to all staff (d) A copy of Environmental Assessment – Site Preparation Operations Form (e) A copy of Environmental training conducted for all harvesting and site preparation contractors 			
Findings for Evaluation of	The audit team reviewed the above documents and verified that			

Evidence:	organization have implemented appropriate corrective action as follows: <ul style="list-style-type: none"> c. The email circular sent to all staff and contractors on the December 2015 reminds them of the importance of supervising and monitoring RTE's d. A copy of Environmental Assessment – Site Preparation Operations Form confirms the 'Internal audit tools' for both site prep and harvesting (including roads) monitors identification and protection of RTE's and inclusion in documentation. e. The key PowerPoint training slides presented together with a copy of Environmental training conducted for all harvesting and site preparation contractors emphasizes the importance of identifying and knowing what to do in the event of a RTE species.
NCR Status:	CLOSED
Comments (optional):	None

2.6. New nonconformity reports issued as a result of this audit

MAJOR NCR#:	02/16	NC Classification:	Major X	Minor
Standard & Requirement:	Rainforest Alliance Interim Standard for Assessing Forest Management (FM-32 – Australia) (2008): Indicator 6.2.5			
Report Section:	Appendix IV			
Description of Nonconformance and Related Evidence:				
<i>6.2.5 Effective procedures shall be implemented during forest operations to protect conservation zones, identified species and their habitats.</i>				
<u>Findings from the 2016 audit:</u>				
During the site assessment of the Clarkes Rd Coupe, Marvale, Gippsland the audit team observed the Timber Harvest Plan for the site identifies three (3) RTE species and associated procedures for their protection.				
However, the Road Construction Operation Plan for the same site does not contain any information about the presence, the identification and the associated protection procedures for the three (3) RTE species.				
<u>Findings from the 2017 audit:</u>				
During the site assessment the Audit Team observed the Timber Harvest Plan (for David Downs site) which identifies RTE species and associated procedures for their protection. However, the operation plan for the road construction within the same site simply refers to the information on RTE in the Timber Harvesting Plan, which was not used by or held by the roading contractor.				
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific			

	occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.
Timeline for Conformance:	3 months from report finalization
Evidence Provided by Organization:	<p>1. <u>Evidence presented during the 2017 audit</u> The organization presented the following evidence during the audit:</p> <ol style="list-style-type: none"> a. A copy of an email to all staff and b. A copy of Environmental training conducted for all harvesting and site preparation contractors. <p>2. <u>Evidence presented during writing of this report:</u> During writing of this report (after the audit) organization presented the following evidence:</p> <ol style="list-style-type: none"> a. An Internal Memorandum sent on the 20th of December 2016 to all management and operation staff located in the three FMUs in relation to its 'New procedure for developing SOP's with particular reference to RATSACs (rare and threatened species and communities). b. A document containing the names and signatures of all management and operation staff, acknowledging reading and understanding of the memorandum.
Findings for Evaluation of Evidence:	<p>The audit team reviewed the above documents and verified that organization have implemented appropriate corrective action:</p> <ol style="list-style-type: none"> a. The email circular sent to all staff and contractors on the December 2015 reminds them of the importance of supervising and monitoring RTE's b. The key PowerPoint training slides presented together with a copy of Environmental training conducted for all harvesting and site preparation contractors emphasizes the importance of identifying and knowing what to do in the event of a RTE species. c. The Internal Memorandum sent out on the 20th of December 2016 to all management and operation staff about the New procedure for developing SOP's with particular reference to RATSACs (rare and threatened species and communities) outlines the following: <ul style="list-style-type: none"> • HVP received a Major Non-Conformance during the recent FSC audit, for failing to identify RATSACs on a Site Operations Plan, despite them being identified on the associated Timber Harvesting Plan. • HVP have a policy to protect rare and threatened species and communities (RATSACs) on Company Land. There is procedure for undertaking this task. It is on Portal and is called Policy and Procedure for the Management of Rare and Threatened Taxa. • In addition, for each operation planned there is a planning checklist that includes the requirement to

	<p>check for RATSACs and to take steps to ensure that these are not unduly affected by our operations. Currently this is being done well for harvesting operations but more spasmodically for other operations.</p> <ul style="list-style-type: none"> Please be aware that if you are planning, organizing or supervising any site-disturbing activity you need to check for RATSACs and take appropriate steps to mitigate risks. <u>Site disturbing activities include, harvesting, road construction and major maintenance, firebreak maintenance by ploughing or grading, vegetation removal and spraying where RATSACs could be adversely affected.</u> As a minimum RATSACS which have records that lie within 1km of our activity and the record is less than 20 years old, need to be considered and steps taken to mitigate any potential adverse effects on them. All people operating on the site should have available to them a photo of the RATSAC (where available) and understand what to do as precautionary measures and what to do if encountered”. <p>d. As per the requirements of the Internal Memorandum, all management and operation staff have signed to verify that they have read and understood the above procedure.</p>
NCR Status:	CLOSED
Comments (optional):	None

NCR#:	01/17	NC Classification:	Major	Minor X
Standard & Requirement:	Rainforest Alliance Interim Standard for Assessing Forest Management (FM-32 – Australia) (2008): Indicator 6.5.6			
Report Section:	Appendix IV			
Description of Nonconformance and Related Evidence:				
6.5.6 Areas are systematically assessed for erosion hazard prior to work commencing.				
<ol style="list-style-type: none"> FME did not adequately assess for erosion hazard prior to commencement of road construction works, as evidenced by subsequent slumping of batters post-construction; and The remedial work completed to mitigate impacts of erosion did not happen until the local shire (Latrobe City Shire) was involved in response to complaints they received from concerned community groups. 				
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.			
Timeline for Conformance:	By the next annual audit			
Evidence Provided by Organization:	PENDING			

Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	None

NCR#:	02/17	NC Classification:	Major	Minor X
Standard & Requirement:	Rainforest Alliance Interim Standard for Assessing Forest Management (FM-32 – Australia) (2008): Indicators, 10.6.3, 10.6.4			
Report Section:	By the next annual audit			
Description of Nonconformance and Related Evidence:				
<p>10.6.3 Forest operations shall not degrade water quality or negatively impact local hydrology.</p> <p>10.6.4 Where negative impacts on soil or water resources are identified, FME shall take steps to reduce or eliminate such impacts.</p> <p>Upon examination of evidence presented by concerned community groups (stakeholders) the audit team confirmed that sediment has entered the Vaggs Creek waterway in the Gippsland FMU.</p>				
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the nonconformance.</p>			
Timeline for Conformance:	By the next annual audit			
Evidence Provided by Organization:	PENDING			
Findings for Evaluation of Evidence:	PENDING			
NCR Status:	OPEN			
Comments (optional):	None			

2.7. Audit observations

Observations can be raised when issues or the early stages of a problem are identified which does not of itself constitute a nonconformance, but which the auditor considers may lead to a future nonconformance if not addressed by the client. An observation may be a warning signal on a particular issue that, if not addressed, could turn into a NCR in the future (or a pre-condition or condition during a 5 year re-assessment).

OBS 01/17	Reference Standard & Requirement: Rainforest Alliance Interim Standard for Assessing Forest Management (FM-32 – Australia) (2008): Indicator 4.2.3
Description of findings leading to observation: During a site visit at the Irrewillipe forest in Colac the auditor observed the following in relation to the harvesting contractor: (a) The contractor did not carry out an induction about the hazard & Safety requirements of the operation site during entry of the site by visitors; and (b) The machine safety audit log book for the harvesting machine shows the contractor has not followed the weekly schedules of safety audits including missing entry of some audit dates on the safety log book.	
Observation Organization should ensure that a contractor is able to conduct an induction about the hazard & Safety requirements of the operation site during entry of the site by visitors; and the contractor's machine safety audit log book is complete and up-to-date.	

3. AUDIT PROCESS

3.1. Auditors and qualifications:

Auditor Name	Addis Tsehaye	Auditor role	Lead Auditor
Qualifications:	<p>Has PhD and M.For.Sc (Distinction) Degrees from the University of Canterbury, New Zealand and a B.Sc (Honors) Degree from the University of Wales, UK.</p> <p>Is currently working as Senior Auditor with AsureQuality Ltd. He is a professional forester and specialist in wood products processing industries with over 25 years of experience in the field.</p> <p>Has completed ISO 2200 Lead Auditor Training in 2007 and ISO 9001 Lead Auditor Training in 2011</p> <p>Has been Auditor and Lead Auditor with Rainforest Alliance for 37 FM/COC and 117 COC audits/assessments/reassessments in New Zealand and Australia since 2008.</p>		
Auditor Name	Peter Gannon	Auditor role	Local Expert/Auditor
Qualifications:	<p>Masters Environmental Science, (Monash University).</p> <p>Fifteen years experience as an ecologist / environmental Consultant and principal of Ecocentric Environmental Consulting, including: planning, management and implementation of flora and fauna assessments; threatened species identification; population impact assessments; management of biodiversity values and attributes; identification of BioSites; development of terrestrial, coastal and waterway management plans; and expert evidence testimony at VCAT / Planning Permit tribunals and EPA 20B Works Approval hearings.</p> <p>Commenced Rainforest Alliance Lead Auditor training in February 2014 including two FM certification assessments, one annual FM audit, and four CoC audits; has also completed two audits as a Technical Expert</p>		

	(ecologist) and one FSC CW/FM audit as lead auditor.
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3.2. Audit schedule

Date	Location /Main sites	Principal Activities
12 December 2016	HVP Head Office, Melbourne	Opening Meeting, Document Review; <ul style="list-style-type: none"> • Audit team to outline audit objectives and timeframes; • HVP senior management to provide a brief overview of the organization and any changes to the company' s operations over the previous 12 months against all FSC Principles;
12 December 2016	HVP Head Office, Melbourne	Review of documentation, against the FSC Principles and Criteria, Open NCR(s) evaluation and staff interviews. Samples of documents reviewed include the following: <ul style="list-style-type: none"> • Environmental impact Assessments; • Rare, threatened and endangered Species; • Forest regeneration, diversity and Productivity; • Protection of ecosystems (maps); • Erosion control, mechanical disturbances, water resources protection; • Integrated Pest Management; Chemical disposal Biological control agents; • GMOs, Exotic species, Forest Conversion; • Long-term forest use rights to the land; • Local communities with legal or customary tenure or use rights; • Community relations Mechanism for dispute resolution; • Occupational Health and Safety; • Ecological and Social Impact; • Evaluations Management and monitoring of HCVs; • Water and Soil protection; • Compliance with chemical derogations; • Wood tracking and COC system;
13 & 14 December 2016	Western Region FMU	Evaluation of sample sites and associated management documentation at the HVP Western Region Offices (Ballarat and Mount Gambier) and interviews with regional staff and contractors. <p>The following list covers only a few of inspection /assessment areas during the field visits:</p>

		Inspection and assessment of forests including: silvicultural and harvest operations; <ul style="list-style-type: none"> • Roads/bridges/ culverts and waterway crossings; • Inspection of reserves and HCvFs; • Assessment of soil and water and riparian zones; • Stakeholders consultation; • Assessment of wood tracking system (CoC);
15 December 2016	HVP Head Office, Melbourne	Closing meeting.
Total number of person days used for the audit:8 = number of auditors participating 2 X average number of days spent in preparation, on site and post site visit follow-up including stakeholder consultation 4		

3.3. Sampling methodology:

Since there is no change of scope in this audit, the minimum number of sites to be sampled is determined according to following table:

Number of FMUs within the scope (y)	Formula applied	Minimum FMUs to be sampled (X)
3	$X = 0.8 * \sqrt{y} * 0.5$	1

The minimum FMU to be visited in annual audit 2016 is 1 FMU.

Following FMUs are to be considered for site visit:

1. Gippsland FMU
2. Western FMU
3. Northern FMU

Based on the above sampling methodology the audit team decided to visit the Western FMU during the current audit. The main reason for the selection was the Gippsland FMU and Northern FMU were visited during the 2016 audit and this was communicated with the management of the FME. Further, in term of logistics the Western FMU is widely distributed and divided into two districts: Ballarat district and Mount Gambier district (with an average distance of 300 km between the two). Hence, it was necessary to divide the audit team into two groups to cover the two districts.

Prior to the audit the Lead Auditor sent out a list of the type field operation sites to be assessed within these FMUs and accordingly the FME prepared the list. Following the opening meeting, the audit team in consultation with the HVP forestry operation staff selected the specific field sites for assessment. The list of sites and rationale for selection is presented in 3.3.1 below.

3.3.1 List of FMUs selected for evaluation

FMU/Group Member Name	Rationale for Selection
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Western FMU	<ul style="list-style-type: none"> - Review of regional activities during the past year; - Review and choice of field sites to visit; - Collection of documentation and supporting evidence; - Staff and contractors interviews. - Assessment of harvesting, road construction, HCVFs, native vegetation and weed control
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3.4. Stakeholder consultation process

Stakeholder type (i.e. NGO, government, local inhabitant etc.)	Stakeholders notified (#)	Stakeholders consulted or providing input (#)
NGO	19	1
Local Government	122	2
Contractors	22	22
Local inhabitant	21	1
Experts	13	3

3.5. Changes to Certification Standards

Forest stewardship standard used in audit:	Rainforest Alliance Interim Standard for Assessing Forest Management in Australia (FM-32), Version 12-14 Rainforest Alliance Chain-of-Custody Standard for Forest Management Enterprises (FMEs) (FM-35) V. 08-13
Revisions to the standard since the last audit:	<input checked="" type="checkbox"/> No changes to standard. <input type="checkbox"/> Standard was changed (detail changes below)
Changes in standard:	
Implications for FME:	Not applicable - no new requirements

3.6. Review of FME Documentation and required records

a) All certificate types

Required Records	Reviewed
Complaints received by FME from stakeholders, actions taken, follow up communication	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Comments: The FME keeps a record of engagements on its 'Stakeholder Management System'. This system is kept on the company's central computer system which allows the tracking and follows up on the status of all stakeholder engagements including any complaints received at the regional level. The audit team found some complaints from stakeholders and these had been addressed during the audit.	
Accident records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
Comments: The FME has provided a copy of the Safety Report for June 2016. This report provides a comprehensive summary of accident records for the current financial year and for the previous 12 months.	

Training records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
<p>Comments: Training records were reviewed at the HVP head office in Melbourne. The company has given training to all its staff and contractors. The training records show that staff and contractors have attended trainings covering FSC, environmental management and occupational health and safety (OH & S).</p>	
Operational plan(s) for next twelve months	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
<p>Comments: Operational plans are developed on a financial year basis (to June 30). The current operational plan was reviewed at the HVP head office in Melbourne. The operational plan for the next twelve months covers a wide range of activities including land preparation and planting, cultivation, harvesting, log transportation, and environmental maintenance.</p>	
Inventory records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
<p>Comments: Inventory records were reviewed during the audit. The inventory records include forest yield and growth rates data which is collected annually using permanent sample plots (PSPs) and measurements taken at different ages of the forest such as after the second thinning and pre-harvest.</p>	
Harvesting records	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>
<p>Comments: Harvesting records are kept in the FME's 'Nexus' database which is managed from the Melbourne office. This data is used for a number of purposes, including invoicing customers, paying harvest and haulage contractors and for reconciling planned volume deliveries versus actual volumes.</p>	

APPENDIX I: FSC Annual Audit Reporting Form:

(NOTE: form to be prepared by the client prior to audit, information verified by audit team)

Forest management enterprise information:			
FME legal name:	Hancock Victorian Plantations Pty Ltd		
FME Certificate Code:	RA-FM/CoC – 001128		
Reporting period	Previous 12 month period	Dates	Jan 2016 – Dec 2016

1. Scope Of Certificate			
Type of certificate: Multiple FMU with single group of like FMU-s	SLIMF Certificate: not applicable		
New FMUs added since previous evaluation	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Group Certificate: Updated of FMU and group member list provided in Appendix VII-a:			
Multi-FMU Certificate: List of new FMUs added to the certificate scope:			
FMU Name/Description	Area	Forest Type	Location Latitude/Longitude ¹
	ha		
	ha		
	ha		

2. FME Information	
<input type="checkbox"/> No changes since previous report (if no changes since previous report leave section blank)	
Forest zone	Temperate
Certified Area under Forest Type	
- Natural	49,903 hectares
- Plantation	170,118 hectares
Stream sides and water bodies	6,612 Linear Kilometers

3. Forest Area Classification	
<input type="checkbox"/> No changes since previous report (if no changes since previous report leave section blank)	
Total certified area (land base)	239,309* ha
1. Total forest area	220,021 ha
a. Total production forest area	170,118 ha
b. Total non-productive forest area (no harvesting)	49,903 ha
- Protected forest area (strict reserves)	23,811 ha
- Areas protected from timber harvesting and managed only for NTFPs or services	26,092 ha
- Remaining non-productive forest	0 ha
2. Total non-forest area (e.g., water bodies, wetlands, fields, rocky outcrops, etc.)	19,288 ha

* = The total certified area during the 2016 audit was 240,357 ha. The variation of 1048 ha created during the 2017 audit was due to the following reasons: (a) Return of leased land back to owner (Loy Yang) = 65 ha; (b) Land leased to GM Water = 945 ha; (c) Re-mapping of the Western FMU = 10 ha; and (d) Other smaller changes (balancing items) = 28 ha. .

¹ The center point of a contiguous FMU or group of dispersed properties that together comprise a FMU in latitude and longitude decimal degrees with a maximum of 5 decimals.

4. High Conservation Values identified via formal HCV assessment by the FME and respective areas

No changes since previous report (if no changes since previous report leave section blank)

Code	HCV TYPES ²	Description:	Area
HCV1	Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).		ha
HCV2	Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.		ha
HCV3	Forest areas that are in or contain rare, threatened or endangered ecosystems.		ha
HCV4	Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).		ha
HCV5	Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).		ha
HCV6	Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).		ha
Number of sites significant to indigenous people and local communities			

5. Workers

Number of workers including employees, part-time and seasonal workers:

Total number of workers	129 workers	
- Of total workers listed above	93 Male	36 Female
Number of serious accidents	22 (includes all incidents where time was lost)	
Number of fatalities	1 (truck driver on a public road on his way to worksite - April 2016)	

6. Pesticide Use

FME does not use pesticides. (delete rows below)

FME has a valid FSC derogation for use of a highly hazardous pesticide YES NO

FSC highly hazardous pesticides used in last calendar year

Name	Quantity (kg)	# of Hectares Treated
1080 – Sodium Fluoroacetate	0.0009	170,000
Copper (on latest HH list, but not requiring derogation)	439	257

² The HCV classification and numbering follows the ProForest HCVF toolkit. The toolkit also provides additional explanation regarding the categories. Toolkit is available at <http://hcvnetwork.org/library/global-hcv-toolkits>.

Non FSC highly hazardous pesticides used in last calendar year		
Name	Quantity (kg)	# of Hectares Treated
Aminopyralid	0.3	2
Ammonium Sulphate	517	453
Clopyralid	1,781	3,469
Dicamba	0.5	170,000
Glyphosate	19,470	9,357
Haloxypop R Methyl	572	1,833
Hexazinone	12,600	6,663
MCPA	44.25	118
Metsulfuron	392	8,683
Picloram, , isooctyl ester	77.2	1,546
Triclopyr	1,426	2,432

APPENDIX II: Rainforest Alliance Database Update Form

Instructions: For each FSC certificate, Rainforest Alliance is required to upload important summary information about each certificate to the FSC database (FSC-Info). During each annual audit RA auditors should work with the certificate holder to verify that the information posted on FSC-Info is up to date as follows:

1. Print out current Fact Sheet prior to audit from FSC-Info website or direct link to fact sheets (<http://www.fsc-info.org>)
2. Review information with the FME to verify all fields are accurate.
3. If changes are required (corrections, additions or deletions), **note only the changes** to the database information in the section below.
4. The changes identified to this form will be used by the RA office to update the FSC database.

Is the FSC database accurate and up-to-date? YES NO
(if yes, leave section below blank)

Client Information (contact info for FSC website listings)

Organization name			
Primary Contact		Title	
Primary Address		Telephone	
Address		Fax	
Email		Webpage	

Forests

Change to Group Certificate	<input type="checkbox"/> Yes <input type="checkbox"/> No	Change in # of parcels in group	total members
Total certified area		Hectares (or)	Acres

Species (note if item to be added or deleted)

Scientific name	Common name	Add/Delete